U.S. Department of Housing and Urban Development

550 12th, SW Suite 100 Washington, D.C. 20410



OFFICE OF PUBLIC AND INDIAN HOUSING REAL ESTATE ASSESSMENT CENTER

To: All HUD Inspectors Certified in the use of the Uniform Physical Condition

Standards (UPCS) Inspection Protocol

FROM: Robert L. Garrett

Inspector Administration

SUBJECT: Vacancy Unit Policy and Guidance for MF Housing

(Inspector Notice No. 2005-02)

EFFECTIVE DATE: August 31, 2005

Please be advised that HUD REAC continues to conduct a checklist analysis of all UPCS inspections. The analysis includes how the "Vacant Unit Policy for MF Housing" is being processed. It revealed that an increasing number of inspectors are not adhering to the requirements of the REAC Compilation Bulletin. The purpose of this email is to remind inspectors of the requirement, and to establish revised procedures for processing findings under the "Vacant Unit Policy."

Per the REAC Compilation Bulletin for all MF Housing properties, vacant units that are included in the random sample will be inspected when the property vacancy rate is 15% or more. However, our review of the Inspection Summary Reports reveals the following problems:

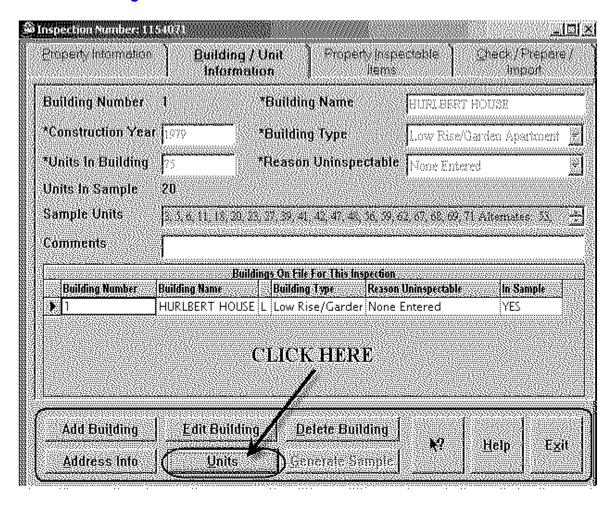
- An increasing number of inspectors are failing to inspect vacant units in MF properties with vacancy rates of 15% or more;
- When vacant units are being inspected as required, they are not being properly recorded in the UPCS inspection software.

The procedures to record vacant units in the DCD are depicted below. If these procedures are not properly followed, applicable inspections will be rejected and must be reinspected at no expense to the federal government.

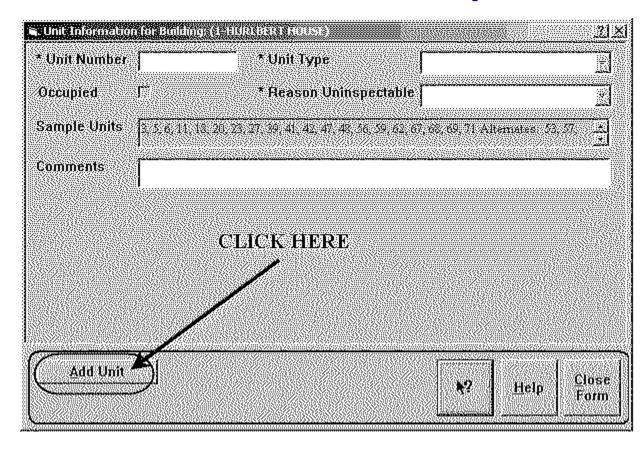
NOTE: We assumed that the vacancy rate in the following MF property is 20% and that after generating the sample it was determined that the first sample unit (unit #3) was vacant. Since the vacancy rate exceeds 15%, per the Vacant Unit Policy, unit #3 should be inspected.

PROCEDURES TO RECORD VACANT UNITS

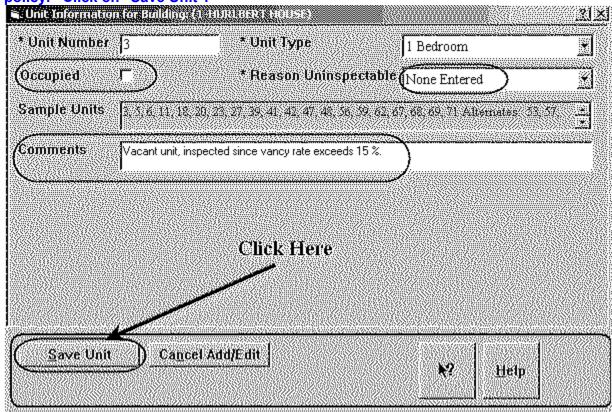
1. In the Building/Unit Information TAB click Unit box



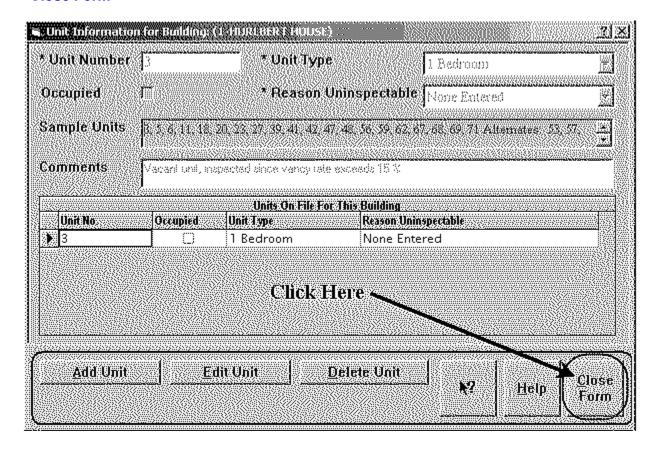
2. Then click "Add Unit" to enter unit information for this building



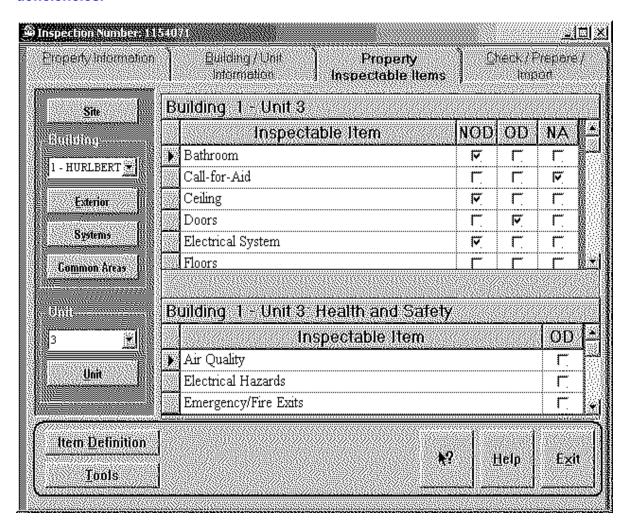
3. Enter the "Unit Number" and "Unit Type". Under "Reason Uninspectable" select "non-entered" from the drop-down menu. The "Occupied" box is check by default; un-check this box so that the report shows this unit as not occupied. Write a comment in the comment box indicating that the unit is vacant but was inspected due to the vacant unit policy. Click on "Save Unit".



4. Verify that the added unit information is complete and accurate and click "Close Form"



5. Go to the Property Inspectable Item Tab and select the appropriate building and unit. Inspect the unit and record any observed unit deficiencies.



PROTOCOL REMINDERS:

Occupancy Percentage

- The occupancy percentage must be recorded by all inspectors for Multifamily Housing properties. Occupancy percentage may be calculated by dividing the total number of occupied units by the total number of all units and then multiplying the result by 100.
- Enter this information in the Comments field of the Property Information Tab as an integer with the "%" sign and with no spaces between them (e.g., 87%). Any Multifamily Housing property inspection that is uploaded without the occupancy percentage will be rejected.

Utility Disconnected:

• If a utility has been disconnected in a sample unit, record the unit as uninspectable, reason "Other Hazard", and select an alternate unit. In the Unit Comments field indicate which utility was disconnected. For Multifamily Housing properties, the inspector will need to inspect units with a disconnected utility if the vacancy rate percentage exceeds 15% for the property.

If you have any questions regarding this notice, please contact the PIH-REAC Technical Assistance Center (TAC) at 1-888-245-4860.